Attorney General Gonzales Questioned About Internet Gambling Regulations at Oversight Hearing

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Today, April 19, 2007, the Attorney General surprisingly faced a series of questions from Senator Jon Kyl (R-AZ), regarding the status and potential substance of the anticipated Administrative Regulations to be adopted in connection with the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA). The questioning appeared to catch the Attorney General off guard, as the hearing related to his responsibility for the alleged improprieties associated with the firings of eight (8) U.S. attorneys.

When Sen. Kyl took his turn at bat to question Attorney General Gonzales, the questioning quickly turned into a monologue by Sen. Kyl extolling the vices of online gambling, and describing his efforts to pass the UIGEA. He then began questioning Attorney General Gonzales regarding the soon to be promulgated regulations implementing the UIGEA, and the potential substance of those regulations.

First, Sen. Kyl strongly urged Gonzales to agree that there is a need for "strong regulations." Gonzales did so agree.

Next, Sen. Kyl pushed Gonzales to agree that the regulations would include a requirement that banks and financial institutions receive a list of specific bank accounts that belonged to known online gambling establishments, so that those accounts could be easily blocked. Gonzales hedged on that question, and repeatedly stated that he was not sure if that effort could be accomplished, but reassured Sen. Kyl that his office was doing everything they could to work with Kyl's office and develop a strong set of regulations. Sen. Kyl was not satisfied with that answer, and repeatedly urged Gonzales to agree that the regulations would include such a list. Finally, he became satisfied with Gonzales agreeing that including such a list would strengthen the regulations.

Sen. Kyl then discussed the urgent need to finalize these regulations, since they were "about to be issued." Sen. Kyl indicated that the Treasury Department was waiting on some feedback from the Attorney General on various matters (presumably including the feasibility of the "list"). Gonzales again stated that he is working as quickly as possible on it, and doing everything that he can to assist in drafting the regulations.

In summary, it appears as though Sen. Kyl is meeting some resistance from the Attorney General's Office in developing the kind of regulations he envisions as most effective in implementing the UIGEA. The Attorney General obviously has a lot on his mind these days, and online gambling may not be the most important issue on his plate. However, Gonzales has significant motivation to keep the Senators happy – particularly those on the Oversight Committee. But the practical reality involved in identifying and blocking specific accounts known to be used for online gambling transactions is rearing its ugly head, forcing the Attorney General to wrestle with the real world implications of this effort.

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